

No. 15922

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

EVEREST & JENNINGS, INC., a Corporation,

Appellant,

vs.

E & J MANUFACTURING COMPANY, a Corporation,

Appellee.

E & J MANUFACTURING COMPANY, a Corporation,

Appellant,

vs.

EVEREST & JENNINGS, INC., a Corporation,

Appellee.

REPLY BRIEF FOR APPELLANT, EVEREST & JENNINGS, INC.

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In the brief filed on behalf of plaintiff cross-appellant it is stated at page 6 that there is no dispute but

“That a defendant has the right to use his own surname on products that it manufactures and sells as long as it does so fairly and honestly.”

In fact, *American Distilling Co. v. Bellows*, 102 Cal. App. 2d 8, cited by plaintiff at page 8 of plaintiff's brief, reaffirms this principle by quoting from *Thaddeus Davids Co. v. Davids*, 233 U. S. 462, and supplying emphasis thereto as follows:

“This we conceive to be the meaning of the statute. (the ten year proviso of the act of 1905.) It follows that where the mark consists of a surname, a person having *the same name* and using *it in his own busi-*

ness although dealing in similar goods would not be an infringer provided that the name was not used in a manner tending to mislead and it was clearly made to appear that the goods were his own and not those of the registrant.”

It should be obvious that if two parties use the same surname to brand their respective goods which are of like character that some mistakes and some confusion would be bound to occur. The second user, however, has the absolute right as a principle of law to use his name as long as he does it fairly and honestly regardless of the mistakes, regardless of the confusion, and regardless of the injury that may result to the first user. This is but a necessary bane inherent in the selection of the use of a surname by the first user. He should reasonably expect that others having the same surname may engage in a competing business.

We part company with the plaintiff when plaintiff asserts our contention to be,

“That a party has the right to use an arbitrary trademark such as the trademark ‘E & J’ if it happens to be the initials of the party or a nickname for the party, without regard to any injury that he may cause a prior user in the same field”. (Pltf. Br. p. 6.)

and then disagrees with it.

In the first place the initials “E & J” are not arbitrary; they are the initials of Erickson and Johnston, the predecessors of the plaintiff [Request for Admission 66, R. 448] and they are also the initials of Everest and

Jennings, the predecessors of the defendant. Furthermore, these initials are not used by the parties "in the same field." Plaintiff is in the resuscitator and gas machine field having its own competitors and its own group of potential purchasers. Defendant is in the invalid wheel chair field having its own competitors and its own group of potential purchasers. A patient having need for a resuscitator or gas machine is too sick to have need for a wheel chair, and a person having need for a wheel chair may be assumed to have recovered from the effects of having been under one of plaintiff's resuscitators or gas machines.

True—if the field is defined with sufficiently germane language it may be defined in terms broad enough to encompass the goods of the plaintiff as well as those of the defendant, *i.e.*, "hospital supply field." A hospital is in the market for almost anything that may be used for the comfort, convenience, recovery or repair of the human body—from ambulances and parts thereof to sutures. This does not mean that every item sold to a hospital is in the same field any more so than every item sold to a department store is in the same field; or every item sold in a modern drug store is in the drug field; or that everything sold in a super market is in the super market field. Nor does it mean that every item considered in the two *Sunbeam* cases, 183 F. 2d 969 and 191 F. 2d 141, was in the same field because it was in the electrical field. The mere fact that plaintiff's and defendant's goods are sold to or by the same concern does not

make them “goods of the same descriptive properties” as the term was used in the Act of 1905.

We contend the right to use one’s own surname fairly and honestly as a brand for his goods extends in principle to his initials and to nicknames or other names by which he is popularly known. At least that is the holding in the State Courts of California where this action arises. *D & W Food Corporation et al. v. Graham*, 286 P. 2d 77, 107 U. S. P. Q. 24:

“We have found no case holding that the rule under discussion is limited to family names, and no logical reason for so limiting it has occurred to us or been suggested by plaintiffs. Nor is there any logical reason why the general rule should not apply to generally used ‘nicknames’ or abbreviation of given names. *It is the right to use the names by which one is generally known that is entitled to protection.*” (Emphasis added.)

While this Court is at liberty to disagree therewith, we believe the opinion to be logical and based on sound reason, and we urge this Court to adopt and follow the principle of that opinion.

If the defendant has the right to honestly and fairly use its initials just as much as it has the right to use its name, it matters not that some have been mistaken or confused as to which company was which or which company puts out what, and it matters not whether laymen, Everest and Dunn in their testimony [R. 367] and letter, Exhibit 40, respectively, labeled misaddressed mail as “confusion.”

At the risk of repetition we again call attention to the fact that this Court expressly said in *Sunbeam Lighting v. Sunbeam Corporation*, 183 F. 2d 969, 86 U. S. P. Q. 240:

“* * * the case is not solved by the simple finding as to whether defendants’ use of the word ‘Sunbeam’ results ‘in confusion and likelihood of confusion.’ The answer to that question is material *but circumstances not included in the framed statement must be taken into consideration.*” (Emphasis added.)

Here, we have the added circumstances:

(1) That “E & J” are the initials of the defendant.

(2) That defendant’s goods are different from those of plaintiff.

(3) That defendant’s goods cannot be sold as substitutes for those of plaintiff.

(4) That as testified to by plaintiff’s witness, Garrett [R. 556].

“* * * It is considerably easier for us to call them ‘E & J’ than ‘Everest & Jennings.’ ”

We believe that the law still is as expressed in *Howe Scale Co. v. Wyckoff*, 198 U. S. 118:

“* * * Courts will not interfere where the only *confusion*, if any, results from a similarity of the names and not from the manner of use.” (Emphasis added.)

We believe that Courts likewise will not interfere where the only confusion, if any, results from a similarity of the initials of the names and not from the manner of use.

Plaintiff's Cross-Appeal.

On June 4, 1958, the Clerk of this Court forwarded copies of the printed record to counsel for the parties. In a covering letter he wrote:

“Under Rule 20 the brief for appellant must be served and filed not later than July 9, 1958; the brief for appellee served and filed within 30 days after service of brief for appellant, and the appellant is privileged to serve and file a reply brief within 10 days after service of brief for appellee.

“You will be advised when the cause is definitely assigned for hearing.

“Requests for extension of time will not be considered except for extraordinary cause.”

No brief was served or filed on behalf of the plaintiff cross-appellant within the allotted time. On August 7, 1958, defendant's counsel received copies of “Opening Brief for Appellee Cross-Appellant, E & J Manufacturing Company” which at pages 20 *et seq.*, undertakes to argue defendant's contentions with respect to its cross-appeal. We do not believe that presentation of plaintiff's brief on plaintiff's cross-appeal at such time should be considered timely—particularly when the time for the defendant-appellant to file a reply brief was limited by the Clerk's covering letter to *ten days* and “Requests for extension of time will not be considered except for extraordinary cause.”

However, in response to plaintiff's contentions we should call attention to the following:

If the plaintiff now contends that there was a binding contract between the plaintiff and the defendant to discontinue the use of “E & J” in its advertising and correspondence it is not apparent how this Court has jurisdic-

tion to enforce it. There is no diversity of citizenship between the parties [R. 3 and 4]. If the plaintiff believes that there was a binding and enforceable contract the State Courts have always been open to the plaintiff for this purpose.

Plaintiff candidly urges at page 21 of its brief its contention to be

“1. The plaintiff and defendant entered into a contract in 1949 binding the defendant to cease and desist in the further use of the trademark ‘E & J.’ ”

This statement is not in conformity with the record. The letter, Exhibit 40 [R. 707] reads:

“We assured Mr. Stanton that we would cooperate in every way in clearing up this confusion by eliminating the letters E & J from our *advertising* and *correspondence*” only. (Emphasis added.)

Had the writer of Exhibit 40 intended to assure both Mr. Beardsley and Mr. Stanton in his letter that defendant would “cease and desist in the further use of the trademark ‘E & J’ ” as now asserted by plaintiff at page 21 of its brief, we believe that the letter, Exhibit 40, would have said so in so many words.

It was not the intention of the defendant at any time to discontinue use of the trademark “E & J” on the wheel chairs themselves. Herbert A. Everest testified, in the course of the opposition proceeding and long before this lawsuit was started [R. 366] as follows:

Q36. Did you agree to discontinue the use of the ‘E & J’ initials or ‘E-J’ initials on the wheel chairs themselves at the time of this conference?
A. No. We agreed to stop using ‘E & J’ in our

advertising. We had just started it that last year. Customers were always ordering 'E & J' chairs, so we put it in our advertising that year. And when they requested that we stop it, why, we did, and in our next catalogue we eliminated it. But we talked it over and we said that these dies were new, cost us about \$900 and *we would continue to use the 'E-J' on the foot rest*, but stop advertising the 'E & J' so as to lessen the confusion.

Q-37. Lessen the mix-up in mail, you mean? A. Yes."

Defendant never had discontinued using the initials "E-J" on the chairs themselves, but did discontinue use of "E-J" in its advertising from the fall of 1949, to the end of 1952, in accordance with its assurance. This discontinuance of the advertising of "E-J" did not result in any great difference in the amount of mixed-up mail between the parties and advertising of "E-J" was consequently resumed in 1953.

The plaintiff attempts to spell out of these negotiations and the letter, Exhibit 40, a binding contract citing *Dillon v. Lineker*, 266 Fed. 688. Attention is invited to the fact, however, that *Snyder v. Roberts*, 45 Wash. 2d 865, 278 Pac. 153, also cited by plaintiff, calls attention to the fact that the cases are reviewed in 74 A. L. R. 293, where it is stated:

"It is well settled that mere forbearance to exercise a legal right *without any request to forbear* or circumstances from which an agreement to forbear may be implied is not a consideration which will support a promise." (Emphasis added.)

Cases are collected to the effect that an agreement to forebear is necessary. California is included among those states that follow this theory in

Shadburne v. Daly, 76 Cal. 355, 18 Pac. 403;
Re Thompson, 165 Cal. 290, 131 Pac. 1045;
Tiffany v. Spreckels, 202 Cal. 778, 262 Pac. 742;
Schumann Heinke & Co. v. U. S. Natl. Bank, 292
Pac. 547.

As the note in 74 A. L. R., *supra*, indicates, there is a division of authority as to whether an agreement to forebear is absolutely necessary. Some cases hold that an agreement to forebear is unnecessary *where there has been a request to forebear* including *Dillon v. Lineker*, 266 Fed. 688, cited by the plaintiff.

In the present case there was no agreement to forebear and there was no request on the part of the defendant that the plaintiff forebear the institution of legal proceedings. Therefore, under the most liberal view, there was no

“contract binding the defendant to cease from further use of the trademark ‘E-J’ [Finding 16, R. 30.]

Defendant never at any time proposed discontinuing entirely the use of E-J as its trademark.

Plaintiff’s president, Beardsley, never regarded Exhibit 40 as a binding agreement. He never bothered to look up the defendant’s advertising to see whether the defendant had actually deleted “E-J” from its advertising [R. 460]:

“Did you continually look at the hospital magazines for Everest & Jennings advertising from the first of 1950 until May of 1953? A. No, I didn’t do that.”

Yet, on May 18, 1953, plaintiff instituted the opposition proceedings in the United States Patent Office in an effort to deny registration of defendant's trademark.

We do not believe that plaintiff's position is consistent. Plaintiff now says that there was a binding contract requiring defendant to cease and desist *all* use of "E-J" and that Exhibit 40 proves it. Exhibit 40 did not propose discontinuing all use of "E-J" but only in advertising and correspondence. Exhibit 40, by its own restrictive wording, contemplated continued use of the trademark "E-J" on the chairs themselves.

Plaintiff now claims that the consideration for the "agreement," Exhibit 40, was plaintiff's forbearance to litigate, yet plaintiff instituted the opposition proceedings in the Patent Office to the registration of defendant's trademark on May 18, 1953, more than a year before the present lawsuit was filed.

In other words, plaintiff now chooses to place its own interpretation on Exhibit 40 contrary to its express terms and assert that it has foreborne litigation which is contrary to fact.

We respectfully submit that the plaintiff cannot now logically contend that there was a binding contract between the plaintiff and the defendant requiring the defendant to cease and desist in all further use of the trademark "E & J" the consideration for which was plaintiff's forbearance of litigation, when the plaintiff has already and long since construed its arrangement with the defendant otherwise by instituting the opposition proceeding against plaintiff's trademark registration on May 18, 1953.

Conclusion.

There has been no deceit or fraud practiced by the defendant with respect to the plaintiff's trademark. Instead, there has been a legitimate, bona fide, honest and fair use of defendant's own initials to identify its own products in its own trade. Such mistake or confusion as has arisen from these acts of the defendant is not actionable at law or in equity. The plaintiff should be content with a monopoly on the initials in the resuscitator and gas machine field. Certainly, the defendant is content with the initials in the invalid wheel chair and walker field. These entire proceedings are but a bold-faced attempt on the part of the plaintiff and its owner, American Hospital Supply Corporation, to move into the invalid wheel chair field and apply the initials "E & J" to the invalid wheel chairs that American Hospital Supply Corporation is now having manufactured.

We urge this Court to once and for all put an end to such encroachment.

Respectfully submitted,

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